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MEMORANDUM OF CONVERSATION

April 8, 1976

SUBJECT: Niehous Kidnapping and Owens-Illinois
Expropriation

PARTICIPANTS: Brent Scowcroft, Assistant to the President
for National Security Affairs
Senator Robert Taft
Edwin Dodd, President, Owens-Illinois
John Marsh
Stephen Low, NSC Staff *SL*

TIME AND PLACE: 2:00 p.m., Brent Scowcroft's Office

Mr. Dodd reviewed the history of the Niehous case, from his kidnapping on February 27 to the events of the last two days. He described the situation as reported, adding two further points. The company had information that the Government of Venezuela had been in direct contact with the kidnappers without informing the company. It was only when the GOV completely rejected the kidnappers' demands through this separate confidential channel that it became evident to the company that it must take steps if Niehous' life was to be saved.

Mr. Dodd also made clear that the company had discussed the possibility of publication of the manifesto in the foreign press with the GOV which had responded, "We would frown on your publishing it elsewhere." Mr. Dodd said that the company understood the GOV could not approve publication. It had interpreted this relatively mild reply to mean that it would receive a rap on the knuckles, but nothing more. Therefore, the company did not expect as severe punishment as it received. He said he understood that President Perez could not publicly or totally back down from his initial statement and asked for US Government help in getting the President to moderate his position.

General Scowcroft explained the difficulties of dealing with the problems of Niehous' safety, discouraging further kidnapping, and the expropriation issue. He noted that Ambassador Shlaudeman had met with President Perez on Wednesday evening, expressing our displeasure with the use

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of expropriation as a sanction against the company. He noted, however, President Perez felt very strongly the need to react firmly against terrorism but said that Perez had told the Ambassador that he had no desire to persecute Owens-Illinois. He told Mr. Dodd that we understood the company's problem and would be as helpful as possible.

Senator Taft asked whether expropriation for this purpose would not encourage further kidnapping and terrorism. The General fully agreed and noted that our Ambassador had made this point to President Perez.

Mr. Low pointed out the danger of any publicity being given to US representation to President Perez which would make it more difficult for him to back away from his initial position.

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